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EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT PAPER NUMBER

3624

DATE MAILED: 04/10/2003

15

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/593,106

Applicant(s)

WILLIAMS ET AL.

Examiner

Narayanswamy Subramanian

Art Unit

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 January 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1,2,4-26,28,29 and 31-41 is/are pending in the application.
- 4a) Of the above claim(s) 17-22 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1, 2, 4 - 16, 23-26, 28, 29 and 31 - 41 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) 17-22 are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____.

DETAILED ACTION

1. This office action is in response to applicant's communications filed on December 23, 2002 and January 17, 2003. The declaration, amendments to the specification and the abstract made by the Applicants in their communication have been entered. Claims 1, 2, 4-26, 28, 29 and 31-41 have been re-examined. The rejections are stated below.

Election/Restrictions

2. Restriction to one of the following inventions is required under 35 U.S.C. 121:

Invention III: The claims 1, 2, 4 – 16, 23-26, 28, 29 and 31 – 41 are drawn to a computerized system and a process for computerized mortgage application and qualification.

Invention IV: The claims 17-22 are drawn to a method for underwriting an online loan application.

3. Inventions III and IV are related as subcombinations disclosed as usable together in a single combination. The subcombinations are distinct from each other if they are shown to be separately usable. In the instant case, invention IV has separate utility such as providing a method for underwriting the loans. The steps identified in invention IV are not necessary for invention III. Invention III has to do with the process of receiving loan applications, approving or denying the loan and communicating the decision to the applicant. Invention can use underwriting methods different from invention III and still be viable. See MPEP § 806.05(d). Because these inventions are distinct for the reasons given above and the search required for Group IV is not required for Group III restriction for examination purposes as indicated is proper.

During a telephone conversation with Mr. Kenneth Lemke on March 28, 2003 and subsequent follow up on March 31, 2003 a provisional election was made to prosecute the invention III, comprising claims 1, 2, 4 – 16, 23-26, 28, 29 and 31 – 41. Affirmation of this election must be made by applicant in replying to this Office action. Claims 17-22 are withdrawn from further consideration by the examiner, 37 CFR 1.142(b), as being drawn to a non-elected invention.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1, 2, 4-16, 23-26, 28, 29, 31-41 are rejected under 35 U.S.C. 103(a) as being unpatentable over Norris (US Patent 5870721) in view of Dykstra (US Patent 6029149).

With reference to claims 1, 9, 10 28, 34 and 35 Norris discloses a method and system of qualifying and applying for a loan online, comprising the steps of: obtaining financial information concerning a potential borrower; determining the likelihood that said potential borrower will be approved for a loan; evaluating a loan application for said loan, said loan application including said financial information and specifying a loan principal and underwriting said loan to determine an approval status of said borrower for said loan and for other loans based on preselected underwriting guidelines. (See Norris Column 1 line 65 – Column 3 line 38). Specifying a loan amount is inherent in the application process.

Art Unit: 3624

Norris does not explicitly teach the step of calculating a customized interest rate based on said financial information for the loans the borrower is approved. Norris also does not explicitly teach home mortgage loans and mortgage refinance loans.

Dykstra teaches the step of calculating a customized interest rate based on said financial information for the loans the borrower is approved. (See Dykstra Column 7 lines 65-67) Official notice is taken that loans to finance purchase of homes or to refinance a mortgage are old and well known in the art. Home mortgage loans help individuals and families purchase homes and mortgage refinance loans help existing mortgage holders to lower their payments by taking advantage of lower interest rates.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the teachings of Dykstra in the invention of Norris. The combination of the disclosures taken as a whole suggests that at least some customers of mortgage loans and mortgage refinance loans would have benefited from paying a customized rate commensurate with their rating. Customizing the rate would also help the lender earn a return proportionate to the risk they are undertaking.

With reference to claims 2 and 29, Norris and Dykstra combined disclose a method and system of claims 1 and 28 respectively, including the steps of selecting one of said loan and other loans (See Dykstra Column 7 lines 63-65) and locking in said customized interest rate for said selected loan (See Dykstra Column 7 lines 47-50).

Norris and Dykstra combined do not explicitly disclose the step of aggregating closing costs into the loan principal

Official notice is taken that aggregating closing costs into said loan principal of said selected loan is old and well known in the art. Aggregating closing costs help lenders lend more money and help borrowers borrow without making a down payment.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the step of aggregating closing costs into the loan principal to the teachings of Dykstra and Norris. The combination of the disclosures taken as a whole suggests that borrowers and lenders would have benefited as discussed above.

With reference to claims 4 and 5, Norris teaches a method of claim 1, wherein said step of determining the likelihood that said potential borrower will be approved for said loan is performed without reliance on a credit report or a collateral appraisal. (See Norris Column 6 lines 21-45)

With reference to claims 6 and 31, Norris teaches a method and system of claims 1 and 28 respectively, wherein said step of evaluating said loan application involves the step of obtaining a credit report on said potential borrower. (See Norris Column 6 lines 46-52)

With reference to claims 7, 8, 32 and 33, Norris teaches a method and system of claims 1 and 28 respectively, wherein said step of underwriting said loan involves the step of determining the value of the collateral. (See Norris Column 8 lines 54-59) The step of determining the value of the collateral includes determining an appropriate level of collateral appraisal fieldwork to be performed wherein said appropriate level of collateral appraisal fieldwork is one of waived, exterior-only collateral inspection and interior and exterior collateral inspection.

With reference to claims 9 and 10, Official notice is taken that loans to finance purchase of homes or to refinance a mortgage are old and well known in the art. Home mortgage loans

Art Unit: 3624

help individuals and families purchase homes and mortgage refinance loans help existing mortgage holders to lower their payments by taking advantage of lower interest rates.

With reference to claims 11, 14-16, 36 and 39-41, Norris teaches a method and system of determining the likelihood that a potential borrower will be approved for a loan, comprising the steps of: obtaining financial information concerning a potential borrower and a loan (See Norris Column 2 lines 18-34); determining if said potential borrower and said loan meet preselected underwriting guidelines based on said financial information (See Norris Column 8 lines 5-9); if it is determined that at least one of said borrower and said loan does not meet said preselected guidelines, revising said financial information concerning said potential borrower and said loan and determining if said guidelines are met based on said revised financial information (See Norris Column 8 lines 22-28) and presenting the approval or denial of the loan (See Norris Column 8 lines 29-32). The partial analysis inherently includes the step of determining if said potential borrower and said loan meet preselected underwriting guidelines of a secondary mortgage market purchaser based on said financial information, and approval and denial correspond to probabilities of 100% and 0% respectively.

Norris does not explicitly teach the steps of calculating a proxy credit score based on said financial information if it is determined that said borrower and said loan meet said preselected guidelines of a secondary mortgage market purchaser; lowering the proxy credit score if said potential borrower has a history of credit delinquencies; obtaining statistical weights from a look up table; assigning said statistical weights to preselected characteristics of said loan; calculating a probability that said potential borrower will be approved for said loan based on said proxy credit score and said statistical weights; and presenting to said potential borrower a percentage

Art Unit: 3624

probability of approval for said loan. Norris also does not explicitly teach home mortgage loans and mortgage refinance loans.

Dykstra teaches the steps of calculating a proxy credit score based on said financial information if it is determined that said borrower and said loan meet said preselected guidelines; obtaining statistical weights from a look up table; assigning said statistical weights to preselected characteristics of said loan and calculating a probability that said potential borrower will be approved for said loan based on said proxy credit score and said statistical weights. (See Dykstra Figures 2A –2F, Column 6 lines 15-51) Dykstra also inherently teaches the step of lowering the proxy credit score if said potential borrower has a history of credit delinquencies (See Dykstra Column 5 line 66 – Column 6 line 3). The steps of obtaining statistical weights from a look up table; assigning said statistical weights to preselected characteristics of said loan and calculating a probability that said potential borrower will be approved for said loan based on said proxy credit score and said statistical weights are inherent in the teachings of Dykstra. In the alternative calculating probabilities of approval or denial are old and well known in the art. These probabilities help lenders make subjective assessments about loan approval or denial. The lender scoring system inherently includes preselected underwriting guidelines of a secondary mortgage market purchaser. Official notice is taken that loans to finance purchase of homes or to refinance a mortgage are old and well known in the art. Home mortgage loans help individuals and families purchase homes and mortgage refinance loans help existing mortgage holders to lower their payments by taking advantage of lower interest rates.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the teachings of Dykstra in the invention of Norris. The combination of the disclosures

Art Unit: 3624

taken as a whole suggests that lenders of mortgage loans and mortgage refinance loans would have benefited from the ability to sell the loans later because they have were underwritten using the guidelines secondary mortgage market purchasers.

With reference to claims 12, 13, 37 and 38, Norris teaches a method and system of claims 11 and 26 respectively, wherein said step of obtaining financial information concerning a potential borrower and a loan involves soliciting responses from said potential borrower to a questionnaire provided over a communications network. (See Norris Column 2 lines 18-25 and Column 6 lines 3-7) The communications network includes a global computer network including the Internet. In the alternative official notice is taken that using a global computer network including the Internet for communicating with remote computers are old and well known in the art. Global computer networks including the Internet provide a fast and efficient way to communicate between remote sites.

With reference to Claims 23-26, Norris discloses a method of determining an interest rate quote and points for a loan that are specific to a borrower, comprising the steps of inputting borrower and loan information (See Norris Column 2 lines 18-34) and retrieving underwriting characteristics (See Norris Column 6 lines 28-45).

Norris does not explicitly disclose the steps of retrieving a required yield from a current yield/point trade-off schedule and calculating adjustments to said required yield based on credit risk posed by said borrower for home mortgage loans and mortgage refinance loans.

Dykstra discloses the step of calculating adjustments to the required yield based on credit risk posed by said borrower (See Dykstra Column 7 lines 59-61). The step of retrieving a required yield from a current yield/point trade-off schedule is inherent in the teachings of

Art Unit: 3624

Dykstra and the term "borrower" is interpreted to include a hypothetical borrower also. Official notice is taken that loans to finance purchase of homes or to refinance a mortgage are old and well known in the art. Home mortgage loans help individuals and families purchase homes and mortgage refinance loans help existing mortgage holders to lower their payments by taking advantage of lower interest rates.

It would have been obvious to one with ordinary skill in the art at the time of invention to include the teachings of Dykstra in the invention of Norris. The combination of the disclosures taken as a whole suggests that at customers of mortgage loans and mortgage refinance would have benefited from paying a rate commensurate with their rating. Customizing the rate would also help the lender earn a return proportionate to the risk they are undertaking.

Response to Arguments

6. Applicant's arguments with respect to claims 1, 2, 4-26, 28, 29 and 31-41 have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (703) 305-4878. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached at (703) 308-1065. The fax number for Formal or Official faxes and Draft or Informal faxes to Technology Center 3600 or this Art Unit is (703)

Application/Control Number: 09/593,106

Page 10

Art Unit: 3624

305-7687. Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 308-1113.

N. Subramanian

March 31, 2003

RICHARD WEISBERGER
PRIMARY EXAMINER